

them that if everyone were absolutely frank and candid in disclosing the situation to them, it would be far better for all concerned. When I suggested that the increase from 5 to 7½ per cent may in the future preclude other companies from seeking Canadian incorporation under the same circumstances I was making representations in which I honestly believed. There may be some difficulty in companies already incorporated transferring their incorporation to another legislative jurisdiction, but I am confident that the minister has reached the limit when he increases the rate from five to seven and a half per cent.

Mr. HEAPS: Mr. Chairman, what has been said by the previous speaker and others prompts me to say a word or two somewhat in reverse to what has been said this afternoon. For the last hour or two we have been discussing companies located in this country but owned by people who live abroad. I have in mind the fact that during comparatively recent years there has been a tendency for wealthy Canadian financiers to make their domiciles outside of the Dominion of Canada in order to escape taxation, particularly income taxation. I do not know whether the action suggested by the minister as having been taken in Great Britain can be taken in this regard, but I think something should be done to prevent people who have amassed fortunes in Canada from making their domiciles abroad in order to escape what I would call their fair share of taxation. I should like to know whether the minister has given consideration to this aspect of the matter and whether he thinks anything can be done. I realize the difficulties that lie in the path of any minister of finance who attempts to do anything along these lines, but I do believe that when a person has amassed a fortune here and then leaves the shores of this country for the purpose of creating a domicile in some other part of the empire or the world, there should be some regulations under which the minister would be able to obtain from such a person the share of taxation which I think he ought to pay.

Mr. CAHAN: We might do as they do in Germany. As soon as a German, particularly one who is an Israelite, seeks to leave the country with his property, he is clapped in gaol and his international movements are then rather restricted. Unless some such law were introduced in Canada I am afraid it would be found very difficult to prevent Canadians from leaving this country and procuring a domicile in another country.

Mr. HEAPS: I am not suggesting that we should prevent anyone from leaving the country. He cannot take his property away with him; if he owns stocks, bonds or shares, it is most difficult for him to get rid of his holdings. All I am suggesting is that where a man has commercial interests in this country and makes his domicile abroad, when he has free access to Canada he should at least pay his fair share of taxation. I am afraid that the analogy given by the hon. member for St. Lawrence-St. George (Mr. Cahan) is a very poor one.

Mr. DUNNING: Of course my hon. friend would not expect me to advertise the methods which are taken to ensure that anyone properly chargeable with income tax shall not be able to evade it. I can say that we have endeavoured and will continue to endeavour to see that income derived in Canada is taxed as far as it is possible for us to locate it. I realize that that is a very broad statement. My hon. friend apparently thinks it is rather difficult for a man to take his wealth out of Canada with him. I shall not point out the various methods which are available for that purpose, but I know that any good lawyer could show him how wealth can be converted into what I might call portable forms. The method adopted by the German nation of holding a man's body, as indicated by the hon. member for St. Lawrence-St. George renders it difficult for him to enjoy his wealth in some other country. Apart from that method, I doubt whether any really effective means of preventing the moving of certain forms of wealth can be devised. The hon. member for Winnipeg North (Mr. Heaps) has touched upon a very real problem, one which concerns other countries probably more than it does Canada. It has been the subject of discussion among the nations at Geneva on more than one occasion, and to-day there is a greater measure of cooperation with regard to the administration of tax laws than there was in the past. I am making this general statement to assure my hon. friend that the government realizes the seriousness of the problem which he has presented.

Mr. CAHAN: I understand from the minister that apart from a personal holding company, which is a term we all understand, and apart from an investment holding company, the nature of which I understand, the 4(k) provision still stands?

Mr. DUNNING: Yes. I indicated that an investment holding company could come under 4(k) if it elected so to do.